

Introduction:

The attached letter of intent is a non-binding agreement stating the desire of the City of Bloomington and Flaherty & Collins to enter into a real estate transaction in The Trades District. The Letter of Intent addresses 5.9 acres of land currently owned on behalf of the City of Bloomington by the Bloomington Redevelopment Commission. This Letter of Intent stems from Flaherty & Collins' December 2014 response to the Request for Proposals (RFP) that the City issued on October 8, 2014 for redevelopment proposals on all or part of 14.84 acres of City-owned property in the Trades District.

What is a Letter of Intent?

A Letter of Intent is a commonly used, non-binding document which outlines the expected terms of a deal. This Letter of Intent outlines the expected framework of a deal to transfer approximately 5.9 acres of the Trades District to Flaherty & Collins. It is not a Purchase Agreement, and does not supersede the state-law prescribed processes for transferring publicly owned property to private ownership.

What public approval is necessary regarding the transfer of property in the Trades District?

The process governing the transfer of property from public ownership to private ownership is found in state law. Before property can be transferred, the public entity that owns the land (in this case the Bloomington Redevelopment Commission) must: (1) obtain appraisals for the land, and (2) publish a Notice of Offering regarding the land. The Notice of Offering publicly advertises the entity's intent to transfer the property, and provides instructions for how an interested person may submit a bid. Any interested person may submit a bid. Bids are opened at a public meeting. The ultimate agreement between buyer and seller is approved at a public meeting. The Notice of Offering on these 5.9 acres, if approved by the Redevelopment Commission, is anticipated to be published on or after September 20, 2015.

In Conclusion:

While this Letter of Intent indicates both the City of Bloomington's and Flaherty & Collins' hope to be able to enter into a final contract agreement, it does not signal the completion of a deal.

**Contact:**

Danise Alano-Martin
Director of Economic & Sustainable
Development
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812-349-3477.





**MARK KRUZAN
MAYOR**

CITY OF BLOOMINGTON

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September 1, 2015

David Flaherty
Deron Kintner
Flaherty & Collins
8900 Keystone Crossing, Suite 1200
Indianapolis, IN 46240

Re: Letter Of Intent – Certified Technology Park Development

Dear Mr. Flaherty and Mr. Kintner:

When fully executed, this Letter of Intent, together with the attachment hereto, shall reflect the intent of the City of Bloomington, Indiana ("City"), and Flaherty & Collins ("Developer," and together, the "Parties") to attempt to negotiate a definitive Project Agreement for the development of certain parcels of land located within the City of Bloomington's Certified Technology Park.

Before the Parties can enter into a Project Agreement, Indiana Code § 36-7-14-22 and Indiana Code § 36-7-25-5 require the Redevelopment Commission of the City of Bloomington ("Redevelopment Commission") to prepare an offering sheet, and that notice of that offering sheet be provided in accordance with Indiana Code 5-3-1. Indiana Code 5-3-1 requires that the Redevelopment Commission publish a notice of offering in the Herald Times twice, at least one week apart.

This Letter Of Intent is not contractually binding on the parties and is only an expression of the basic terms and conditions expected to be incorporated into a formal written agreement. This letter does not obligate either party to proceed to the completion of a formal written agreement. The Parties shall not be contractually bound unless and until a formal written agreement is executed by the parties—which will require the approval of the Redevelopment Commission—which must be in form and content satisfactory to each party and its counsel in their sole discretion. Neither party may rely on this letter as creating any legal obligation of any kind.

This Letter Of Intent shall terminate the earlier of: (1) the full execution of a Project Agreement, and (2) December 31, 2015, unless extended by the Parties in writing.



If you are in agreement with the terms of this letter, please indicate same by counter-signing where indicated below. We look forward to moving forward with you on this important project.

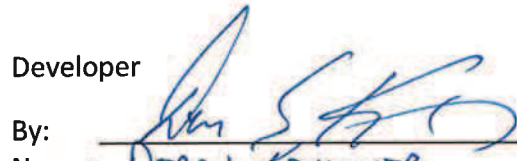
Sincerely,

A handwritten signature in black ink, appearing to read "MARK KRUZAN", with a long horizontal stroke extending to the right.

Mark Kruzan, Mayor
City of Bloomington

Accepted and Agreed to:

Developer

A handwritten signature in blue ink, appearing to read "DERON KINTNER", with a long horizontal stroke extending to the right.

By:

Name: DERON KINTNER

Title: GENERAL COUNSEL

ATTACHMENT A

TERM SHEET

1. GENERAL

- 1.1. This Term Sheet sets forth the basic terms and conditions that the City and Developer expect to be incorporated into a formal written agreement. In addition to the terms and conditions set forth below, additional terms and conditions relating to the mechanics of a transaction, and other matters to be negotiated and agreed upon by the City and the Developer are expected.
- 1.2. PARTIES TO PROJECT AGREEMENT (the "Parties"):
 - 1.2.1. Developer
 - 1.2.2. City, by and through its Redevelopment Commission
- 1.3. SUBJECT PROPERTIES:
 - 1.3.1.1. Parcel #2 as identified in the RFP issued by the City - approximately 4.50 acres east of Rogers Street and north of the newly-designed and constructed 10th Street
 - 1.3.1.2. Parcel #3 as identified in the RFP issued by the City - approximately 1.46 acres west of Morton Street and upon which the Showers Mill and Kiln buildings are located
 - 1.3.1.3. Parcel #2 and Parcel #3 ("Parcels") are shown on the map in Attachment B.
- 1.4. DUE DILIGENCE: Developer shall—at its expense—complete all due diligence work it deems necessary or advisable on the Parcels prior to its execution of the Project Agreement, including without limitation, title, survey, soils, environmental and all feasibility studies and tests. This Letter of Intent does not grant Developer access to the Parcels in order to conduct any tests it deems necessary. Prior to conducting any tests or studies, the Developer and the Redevelopment Commission shall execute an access agreement, subject to customary release, indemnification, insurance, notice and repair requirements. Developer shall deliver—within seven (7) days of receipt—to the City copies of all third-party reports, findings, surveys and title reports resulting from its due diligence activities related to the Parcels.

2. SCOPE OF FUTURE PROJECT AGREEMENT

Developer's obligations under the Project Agreement will include, among other requirements:

- to develop the Parcels as contemplated in Section 3 below;
- to obtain zoning and building approvals as necessary, for the Parcels to permit development of the Parcels;
- to secure the requisite equity investment and financing necessary for development of the Parcels within the parameters set forth in the Project Agreement;
- to work with City and the Redevelopment Commission;

- to adequately address all infrastructure requirements necessary for the timely development of the Parcels;
- with input from City, to develop a plan to adequately address parking requirements during all Phases of the development;
- to construct the improvements in accordance with preliminary plans presented to and approved by City; and
- to operate and maintain the buildings, grounds, and infrastructure in a first class manner throughout the term of the Project Agreement.

The development of the Parcels and related activities shall hereinafter be referred to as the "Project." Notwithstanding the foregoing, Developer shall not be in default under the Project Agreement for failure to achieve any of the foregoing requirements for reasons beyond Developer's reasonable control provided that Developer is using commercially reasonable efforts to satisfy such requirements.

3. DESIGN PLANS

Developer shall prepare, and Developer and the City shall work collaboratively to review, finalize and approve, design plans for the development of the Parcels (the "Plans"). The approved Plans shall be attached as an exhibit to the Project Agreement and incorporated therein.

The Project Agreement is expected to include terms regarding: (1) the design, construction, and timing of a park or greenspace; (2) design of the quality and pedestrian-scale of the new construction; (3) energy efficient building and green design standards ; (4) compliance with the Bloomington Historic Preservation Commission's Design Guidelines for historic properties; (5) parking spaces within the new construction to serve the Certified Technology Park beyond the Project; (6) terms addressing the timing of the construction and renovation on the Parcels; (7) assurances of below-market rents for tech office, co-work and entrepreneurial support space in order to foster the startup climate and entrepreneurship ecosystem envisioned for the Certified Tech Park; (8) any right-of-way dedication required to support the City's newly designed infrastructure improvements.

Parcel	Use	Targeted Investment	Notes
#2	Tech office space, retail, parking, and multifamily residential	\$40,000,000	17,000 square feet of office space for technology related office, 4,000 square feet of retail/commercial space, parking sufficient for the Project and the surrounding area, as determined by the City, and 200,000 square feet of non-student multifamily housing.
#3	Redevelopment of Showers Mill and Kiln buildings	\$3,000,000	For use as technology-related office, co-work and other space supporting entrepreneurship, including event space; additional office/retail (Kiln)

4. CONSIDERATION

In consideration of Developer's total investment of approximately \$40,000,000 to \$43,000,000 in Bloomington's Certified Technology Park ("Investment") and to support the economic development thereunder, including the retention, expansion and new headquarters for Envisage Technologies and the renovation of the historic Showers Mill and Kiln buildings for technology office space (including co-work space) that is made available to technology firms, startup companies, entrepreneurs, and entrepreneurial support agencies at below-market rates, event and other entrepreneurship-supporting space and all other obligations hereunder, it is anticipated that the Redevelopment Commission will transfer Parcels #2 and #3 to Developer pursuant to the Project Agreement for one dollar (\$1.00) and the Investment. Developer shall commit to a minimum of \$500,000 in post-completion property taxes for a period of 10 years. During that time period, the Developer shall not appeal the valuation of the property unless: (1) such appeal is filed on a Form 133, or (2) for any year after the first year the improvements are assessed, the assessed value increases by more than 5% from the previous year. With respect to the initial assessment of Developer's Project only, if the improvements associated with that Project are assessed at more than Developer's hard construction costs, Developer may make a one-time appeal of that initial assessment of the property, in accordance with the procedures set forth in State law. In the event that Developer appeals the initial assessment of Developer's Project, Developer shall send written notice to the Redevelopment Commission, with such notice including the amount of hard construction cost incurred on the property.

In consideration of Developer's inclusion of parking spaces to serve the Certified Technology Park beyond the Project, and of Developer's ownership, operation and leasing of said parking, and of the other infrastructure improvements associated with the Project, the City anticipates providing Developer with financial support for these local public improvements.

5. TARGETED DEVELOPMENT USES, INVESTMENTS AND DENSITY

The City and the Developer expect the Project to accomplish the following:

- Retain and Grow a Tech HQ. Developer shall promote and facilitate retaining Envisage Technology's in the Certified Technology Park.
- New and Renovated Tech Office to Market. Developer shall create a significant amount of new office space—both from new construction and from the renovation of historic properties—within the Certified Technology Park, including tech incubator and co-work space that will make the Certified Tech Space a space attractive to both tech companies and their employees.
- Market Rate and Workforce Housing. Developer shall create a high-end market-rate housing development geared to professionals, which will diversify the downtown housing population, that will assist in the attraction of workforce talent to the Certified Technology Park.

- **Parking.** The Project envisions a parking structure that will provide parking for office tenants and residents for the new development, as well as an allotment for use by other Certified Technology Park employers, employees and visitors.

Development on Parcel #2

- 17,000 sq. ft. of office space for technology companies that is expected to include Envisage Technologies and ConsulTech
- 4,000 sq. ft. of retail space
- Parking structure
- 200,000 sq. ft. of non-student multifamily residential housing with lease terms intended to diversify the downtown housing population.
- Investment of approximately \$40,000,000

Development on Parcel #3

The Mill (19,068 sq. ft. first floor and 4,197 sq. ft. basement)

It is expected that this space will include co-working and event space for high technology companies and entrepreneurs. This space will include a variety of work spaces, including but not limited to open co-working space, dedicated desks and private offices large enough to accommodate early startup businesses. It is anticipated that Co-Work Btown will manage a large co-working space that will accommodate up to 150 “drop-in” members. Numerous lounge areas, private meeting areas and huddle rooms will provide ample space for open collaboration and private conversations. Five (5) private offices ranging in size from 800 to 2,000 sq. ft. will be headquarters for companies and organizations that are driving job creation in the technology sector. A 1,000 sq. ft. classroom/conference room at the center of the building will be available to all of the building’s tenants, members and event hosts. It is expected that this space will include a welcoming 3,500 sq. ft. event space that will give a permanent home to critical events like Verge, Ignite and The Combine. By day, this space will provide additional open space for co-workers. By night, it could be home to community gatherings and family celebrations. The Developer is exploring co-location of Bloomington economic development and entrepreneurial support agencies within the office space.

The Kiln (5,954 sq. ft.)

The remaining portions of the Kiln will be renovated to create four (4) flexible storefront office/retail units that will be home to supporting services or emerging companies and two residential “crash pads” that will be made available to visiting entrepreneurs, venture capitalists, and event participants.

It is expected that on-site parking will be present for the occupants of the Mill and Kiln properties, subject to all required approvals.

Investment of approximately \$3,000,000 is expected in the renovation of the Mill and Kiln buildings.

6. DEVELOPER EQUITY AND DEBT FINANCE PLAN

In the event that the Parties successfully negotiate a Project Agreement, the City understands that Developer intends to form a new entity to execute the Project Agreement. Prior to the execution of any Project Agreement, Developer will provide any detail reasonably requested of Developer regarding: (1) the Development Entity and (2) the source(s) of debt and equity that will fund the Project.

7. PROJECT TIMELINE

The City and Developer expect that a Project Agreement will be negotiated, approved, and executed between now and mid-December 2015, with closing on the Property by December 31, 2015.

8. ZONING AND BUILDING APPROVALS

Developer shall take the lead, at its expense, in obtaining all approvals for the Parcels to accommodate the approved Plans. Any subsequent changes to the Plans mandated by the approval process shall require the written consent of all Parties which shall not be unreasonably withheld, conditioned or delayed. It is understood that Zoning and Building Approvals may be completed following the Closing on the property.

9. ASSIGNMENT AND DISPOSITION RIGHTS

It is expected that the Project Agreement will require Developer to maintain ownership and control of all components of the Project for a minimum of 20 years following Closing. If the Developer wishes to assign or dispose of any rights in the property within the first 10 years, it is expected that the Developer will be required to obtain the approval—in advance, in writing—of the Redevelopment Commission and the Mayor, which shall be made in the sole discretion of the Redevelopment Commission and the Mayor, respectively. If the Developer wishes to assign or dispose of any rights in the property within the next 10 years, it is expected that the Developer will be required to obtain the approval—in advance, in writing—of the Redevelopment Commission and the Mayor, which shall not be unreasonably withheld.

10. PROJECT MILESTONE SCHEDULE

It is expected that a Project Agreement will include a schedule setting forth deadlines by which certain Project Milestones must occur, including, without limitation: (i) the filing of the application for Zoning and Building Approval; (ii) achievement of Zoning and Building Approval; (iii) the filing of any other documents that are a prerequisite to the construction and renovation process, (iv) commencement of new and renovation construction; and (v) substantial completion of the new construction and renovations; and (vi) inspection and acceptance of the new construction and renovations by the City (the "Project Milestone Schedule"). The Project Agreement shall provide for extensions of milestones due to force majeure events, governmental delays and other events beyond the reasonable control of Developer.

In the event that Developer does not diligently pursue the Project Milestone Schedule, it is expected that the Project Agreement will provide the Redevelopment Commission with the

right to terminate the Project Agreement and retain any earnest money placed in escrow by Developer.

In the event that Developer does not commence construction of the project within six (6) months of Zoning and Building Approval and any other approval of the City that is a prerequisite to construction, it is expected that the Project Agreement will require the Developer to—upon the request of the Redevelopment Commission—to return the Parcels to the Redevelopment Commission.

11. REAL ESTATE BROKERS

Prior to or at the Closing, Developer shall pay to CBRE, Inc. as part of its development costs and commission agreed to and approved by the City and set forth in a separate agreement between CBRE, Inc. and Developer.

12. MISCELLANEOUS

- 12.1. DEVELOPMENT PRO FORMAS: Developer to provide City with development pro formas for the Project, which the City shall keep confidential to the extent permitted by law.
- 12.2. PROPERTY CONVEYED “AS IS”: All parcels will be conveyed in “as is” condition; the City shall not be liable for any costs associated with Developer’s development activities.

ATTACHMENT B

PARCEL MAP

